GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:772
ANSWERED ON:21.02.2003
CRISIS IN SUGAR INDUSTRY
AJAY CHAKRABORTY;ASHOK NAMDEORAO MOHOL;GADDE RAMAMOHAN;JAI PRAKASH;NIVEDITA MANE;SADASHIVRAO DADOBA MANDLIK

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the sugar industry at present is in a deep crisis;

(b) if so, the details thereof;

(c) whether the Government held recently a meeting with the representatives of sugar mills and other players to resolve the present crisis;

(d) if so, the outcome of the discussion;

(e) whether a diversification of sugar mills to produce ethanol as a brazilian model is one of suggestion; and

(f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SUBHASH MAHARIA)

(a)to(f): Difficulties have been encountered in sugar following a general fall in sugar prices. Discussions have taken place with the representatives of the sugar industry to address the same. The steps recently initiated to assist the industry include the creation of a buffer stock of 20 lakhs tonnes for a period of one year. It involves an outgo of Rs.412 crores from the Sugar Development Fund, Rs.374 crores would be released by banks on account of the Buffer Stock. Thus, an amount of Rs.786 crores would become available to sugar industry for the payment of cane price dues to the farmers. It has also been decided that neutralization of ocean freight disadvantage at the rate of Rs.350 per tonne on export shipments of sugar would be reimbursed to sugar factories with effect from 14.2.2003.

The Sugar Development Act, 1982 has been amended, interalia, for providing loans atconcessional rate of interest to any sugar factory or any unit thereof for production of an hydrous alcohol or ethanol from alcohol with a view to improve their viability. The relevant Rules for the purpose have been notified in January, 2003.